

Police Officers' and Firefighters' Pension Reform Commission

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Commission Charge

Pursuant to Section 31-31-1001, C.R.S., the commission has the responsibility to study and develop proposed legislation relating to funding of police officers' and firefighters' pensions in the state and benefit designs of such pension plans. The Fire and Police Pension Association (FPPA) was established in 1980 and administers two funds: the Fire and Police Members' Benefit Investment Fund and the Fire and Police Members' Self-Directed Investment Fund. Assets in these funds are used for a number of pension plans including the Defined Benefit System, the Statewide Death and Disability Plan, and numerous separate "old hire" plans for police officers and firefighters throughout the state of Colorado. Current law directs the commission to study, review, and propose legislation related to these issues including, but not limited to, the following subjects:

- normal retirement age and compulsory retirement;
- payment of benefits prior to normal retirement age;
- service requirements for eligibility;
- rate of accrual of benefits;
- disability benefits;
- survivors' benefits;
- vesting of benefits;
- employee contributions;
- post-retirement increases;
- creation of an administration board;
- creation of a consolidated statewide system;
- distribution of state funds;
- coordination of benefits with other programs; and
- the volunteer firefighter pension system.

Commission Activities

During the legislative interim, the commission met on September 27, 2016. At this meeting, the FPPA informed the commission about the state's involvement in fire and police pension plans, as well as the FPPA's Statewide Death and Disability Plan, and recent activities of the FPPA board of directors. The FPPA presented its annual report and funded status. The presentation included discussions of the following subjects: FPPA's funded status, FPPA's investments, and the state's involvement with and funding of FPPA.

Commission Recommendations

As a result of commission discussion and deliberation, the Police Officers' and Firefighters' Pension Reform commission recommends the following two bills for consideration in the 2017 legislative session.

Bill A – Deferred Compensation Plan Establishment. Bill A allows the board of directors of the FPPA to develop, maintain, and amend a multi-employer deferred compensation plan document. Under current law, the FPPA maintains a master deferred compensation plan document for use by FPPA member employers when establishing these supplemental plans for their employees. Bill A allows the FPPA to also provide a master document that will assist members in establishing a multi-employer plan. Multi-employer plans are allowed under federal Internal Revenue Service rules. This bill aligns Colorado statutes with federal law and current practice, permitting the FPPA to provide technical assistance in developing and maintaining these types of plans.

Bill B – Uniform Approval Standard for Statewide Plan Elections. Bill B establishes a uniform standard for approving modifications to the statewide defined benefits plan administered by the FPPA. Employers who participate in plans administered by FPPA, and who wish to modify their status in the plan, must conduct an election and obtain the approval of 65 percent of those employees who vote in that election. Under current law, some employers need to obtain approval of 65 percent of all their employees.